

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 02257 011801Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

/109 W

-----020749Z 013654 /14

R 011709Z APR 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3017

INFO AMEMBASSY DUBLIN

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY LONDON

USMISSION OECD PARIS

UNCLAS OTTAWA 02257

E.O. 11652: N/A

TAGS: ETRD, CA

SUBJECT: TARIFF CHANGES ANNOUNCED IN MARCH 31 BUDGET

REF: OTTAWA 2243 (NOTAL)

1. IN PRESENTING NEW BUDGET TO PARLAIMENT MARCH 31, FINANCE MINISTER MACDONALD EMPHASIZED IMPORTANCE OF MTN TO CANADA, SAID CANADA COULD NOT AFFORD TO ADOPT PROTECTIONIST ATTITUDE TOWARD IMPORTS, AND NOTED THAT CANADIAN TRADE BARRIERS WOULD HAVE TO BE LOWERED IN RETURN FOR CONCESSIONS BY OTHER COUNTRIES.

2. MACDONALD ANNOUNCED A NUMBER OF TARIFF ACTIONS, MOST OF THEM LIBERALIZING ACTIONS BUT SOME OF A RESTRICTIVE NATURE. SIGNIFICANT ACTIONS ARE AS FOLLOWS:

A. TEMPORARY TARIFF REDUCTIONS INITIALLY INTRODUCED FOR
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ANTI-INFLATION PURPOSES IN 1973 WILL BE EXTENDED FOR AN ADDITIONAL YEAR UNTIL JUNE 30, 1978, EXCEPT THAT 20 PERCENT MFN DUTY ON LIGHT FIXTURES WILL BE RESTORED AND DUTY ON REFINED SUGAR WILL BE INCREASED BY ONE-FIFTH OF A CENT PER POUND. IMPORTS OF ITEMS ON WHICH REDUCTIONS BEING EXTENDED AMOUNTED TO \$1.4 BILLION IN 1976.

B. DUTIES ON RANGE OF ITEMS OF SPECIAL INTEREST TO LDC'S WILL BE REDUCED OR ELIMINATED IMMEDIATELY ON AN MFN BASIS OR ON PREFERENTIAL BASIS UNDER GSP. IMPORTS OF THESE ITEMS VALUED AT ABOUT \$100 MILLION. ITEMS BEING GIVEN PREFERENTIAL TREATMENT INCLUDE PEANUT BUTTER, PROCESSED COFFEE, CIGAR WRAPPER TOBACCO, BULK ORANGE JUICE CONCENTRATE, LIQUEURS, AND WOOD VENEERS.

C. DUTY FREE ENTRY OF CERTAIN PETROLEUM PRODUCTS AND OF AIRCRAFT AND AIRCRAFT ENGINES SCHEDULED TO EXPIRE JUNE 30, 1977 WILL BE EXTENDED FOR AN ADDITIONAL YEAR.

D. BRITISH PREFERENTIAL TARIFF WILL BE WITHDRAWN IMMEDIATELY FROM UK AND IRELAND ON RANGE OF MACHINERY ITEMS INCLUDING FORK LIFT TRUCKS, PUMPS, FRONT-END LOADERS, GEAR REDUCERS AND VARIOUS METAL-WORKING TOOLS. PREFERENTIAL TARIFF HAS BEEN 2 1/2 PERCENT; MFN RATE WHICH WILL NOW APPLY IS 15 PERCENT.

3. ON RELATED SUBJECT, MACDONALD SAID GOC HAD NOT YET DECIDED TO ACT ON PROPOSAL TO TAX IMPORTERS ON SALES IN CANADA AT EQUIVALENT OF DOMESTIC MANUFACTURERS' TAX BECAUSE, AMONG OTHER THINGS, "THIS WOULD NOT LIKELY BE ACCEPTABLE TO CANADA'S GATT PARTNERS."

4. EMBASSY WILL POUCH COPIES OF RELEVANT PORTIONS OF BUDGET DOCUMENT AND TABLES DETAILING TARIFF CHANGES TO EB/TA (WESTON), STR (LAPP), COMMERCE (STOLER), AND MTN UNCLASSIFIED

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DELEGATION (HAMERSCHLAG). ENDERS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770114-0280
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770498/aaaadhip.tel
Line Count: 98
Litigation Code IDs:
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/119f8bab-c288-dd11-92da-001cc4696bcc
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